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FISCAL IMPACT STATEMENT

LS 7130

BILL NUMBER: SB 282

NOTE PREPARED: Mar 19, 2005

BILL AMENDED: Mar 17, 2005

SUBJECT: Municipal Riverfront Development Projects.

FIRST AUTHOR: Sen. Long

FIRST SPONSOR: Rep. Borror

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill allows a Municipal Riverfront Development Project to be located in certain Community Revitalization Enhancement Districts.

The bill allows the Alcohol and Tobacco Commission to issue ten three-way, two-way, or one-way permits to a restaurant that is located: (1) in a historic district in a city or town; or (2) not more than 500 feet from the historic district; if the historic district meets certain requirements. The bill also provides that the legislative body of the city or town must adopt an ordinance requesting the Alcohol and Tobacco Commission to issue the permit. The bill provides that an applicant may not already have an alcoholic beverage permit for premises within a historic district or within 500 feet of a district that is subject to a quota. It also prohibits a permit issued under these provisions from being transferred to another location.

Effective Date: (Amended) Upon passage; July 1, 2005.

Explanation of State Expenditures: (Revised) *Alcohol Permits in Certain Historic Districts:* This bill will have an administrative impact on the ATC. If there is an increase in administrative costs, the ATC could presumably cover the increase through the use of existing staff and resources. The impact on the ATC will depend upon the increase in permit applications that result from this legislation. It is estimated that this bill will not result in a significant increase in permit applications.

Explanation of State Revenues: (Revised) *Municipal Riverfront Development Project:* The bill could potentially expand the number of Municipal Riverfront Development Project Areas where alcohol beverage retail permits could be issued by the Alcohol and Tobacco Commission (ATC) without regard to permit quotas.

The impact of this change is indeterminable. However, if this provision increases the number of alcoholic beverage retail permits issued, revenue to the ATC's Excise Fund would increase. A third of the revenue collected in the Excise Fund is deposited in the state General Fund, the remaining two-thirds is distributed to cities, towns, and counties based on population.

Background: The bill allows the ATC to issue permits, without regard to permit quotas, to restaurants located in Municipal Riverfront Development Project Areas, provided these restaurants are also located within a Community Revitalization Enhancement District (CRED). To obtain a permit in this way under current statute, a restaurant within a Municipal Riverfront Development Project Area also must be located within an Economic Development Area, a Blighted Area, an Urban Renewal Area, a Redevelopment Area, or an Economic Development Project District.

Under current statute, CREDs may be established in Indianapolis and roughly 21 second class cities. Current statute also has specific provisions authorizing CREDs in the City of Marion and municipalities in Allen, Delaware, Monroe, and St. Joseph Counties. Currently, there are CREDs operating in Bloomington, Marion, and South Bend, and recently designated in Anderson and Muncie.

Alcohol Permits in Certain Historic Districts: The impact this bill will have on state revenues is indeterminable. This bill will allow the ATC to issue not more than ten (10) three-way, two-way, or one-way permit, without regard to quotas, to a restaurant that is located:

- (1) in a historic district in a city or town; or
- (2) not more than 500 feet from the historic district.

If 10 of each of these permits is granted, the total revenue increase would be \$15,000.

The historic district where the restaurant is located must also meet the following requirements:

- (a) The district has been listed in the National Register of Historic Places maintained under the National Historic Preservation Act of 1966, as amended.
- (b) A county courthouse is located within the district.
- (c) A historic opera house listed on the National Register of Historic Places is located within the district.
- (d) A historic jail and sheriff's house listed on the National Register of Historic Places is located within the district.

There is only one eligible district known at this time located in downtown Valparaiso.

The impact on state revenue would be as a result of permit fees, or increased beer, wine, and liquor sales, which would result in the state collecting more Excise taxes. These permits are issued for a term of one year and the fees for these permits are as follows:

- (1) a one-way permit is \$250;
- (2) a two-way permit is \$500;
- (3) a three-way permit is \$750.

Revenue from permit fees is distributed in the Excise Fund. Receipts are then distributed 2/3 to the General Fund of cities, towns, and counties based on population, and 1/3 is distributed to the state General Fund. If all 30 permits are granted the state General Fund would receive \$5,000, and \$10,000 would go to the General Fund of cities, towns, and counties.

The impact on alcohol sales is indeterminable. Revenue from alcohol Excise taxes are distributed to the following funds: state General Fund, the Post War Construction Fund, the ATC Enforcement and Administration Fund, and the Addiction Services Fund.

Background: A one-way permit is for a restaurant that serves beer only. A two-way permit allows a restaurant to serve both beer and wine, and a three-way permit allows a restaurant to serve beer, wine, and liquor.

Explanation of Local Expenditures: (Revised) *Alcohol Permits in Certain Historic Districts:* This bill also provides that the legislative body of the city or town must adopt an ordinance requesting the ATC to issue the permit. This provision could have an administrative cost impact on the local legislative body, but it is presumed that the impact could be covered through the use of existing staff and resources.

Explanation of Local Revenues: (Revised) *Municipal Riverfront Development Project:* Two-thirds of the revenue distributed to the Excise Fund is distributed to cities, towns, and counties based on population. If more restaurants obtain permits, Excise Fund distributions to local entities could increase.

Alcohol Permits in Certain Historic Districts: Two-thirds of the fee revenue is distributed to cities, towns, and counties based on population. The maximum increase in permit revenue to cities, towns, and counties would be \$10,000.

Portions of the alcohol excise taxes that are collected are distributed to the cities and towns on the basis of population.

State Agencies Affected: Alcohol and Tobacco Commission.

Local Agencies Affected: Cities with CREDs; Legislative body of an eligible city or town.

Information Sources:

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